

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Kahuku Brands

Hawaii HTDC- MEP

Kahuku Farmers Success Story

Client Profile:

Kahuku Brands is one of the largest producers of papaya and banana in the state of Hawaii. Long-time partners, Melvin Matsuda and Clyde Fukuyama, share responsibilities in this 30-employee operation located in Kahuku, Hawaii. Melvin runs operations, and Clyde handles marketing and administration. They grow three different varieties of papaya as well as apple, banana, taro, and watermelon.

Situation:

As Kahuku Brands expanded, the tools that Mr. Matsuda and Mr. Fukuyama relied on to manage the business when it was a smaller operation no longer applied. In order to keep the company alive, they had begun to sub out their tractors and employees to other operations, such as Dole and Del Monte. It was clear that something was wrong; the company continued to lose money. Kahuku Brands called upon Hawaii MEP (Hawaii HTDC- MEP), a NIST MEP network affiliate and formerly known as Innovative Solutions, for hand-on assistance.

Solution:

Hawaii MEP consultant, Marty Parisien, assessed the business side of the operations. Marty studied the financials of the company and did a complete cost analysis. This included spending time in the fields with the workers, timing harvest operations, calculating the cost of all farm inputs related to each specific crop, and developing a cost calculator to aggregate all of the data.

Results:

- * Determined that cost of producing papaya was higher than thought by the owners.
- * Renegotiated all contracts for papaya to guarantee profitability.
- * Determined that the variety thought to be the least profitable and slated for discontinuation was actually the most profitable and production of that variety expanded.
- * Moved to subcontract out banana harvesting to reduce expenses while also increasing planting to increase yield.
- * Turned a \$188,000 loss in 2003 into a 2004 profit.
- * Purchased two tractors to handle increase in production.
- * Led to further work by Innovative Solutions to increase harvest efficiencies.

Testimonial:

"We needed to know more about what was profitable and what wasn't. Otherwise, we may just be expanding the losses. This gave us the tools we need to expand operations, hire new people, and to hopefully move into new markets."

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Melvin Matsuda, Owner